

THE NEW YORK TIMES, TUESDAY, OCTOBER 9, 2001

Glad to Be in the Pits, Wherever They Are

Commodity Traders Had Backup Plan

By SARAH KERSHAW

It was 1 p.m. and sugar was done, precisely 90 minutes after the commodities traders had packed themselves into two pits on the floor for a frenzied and roaring rush of buying and selling that made their old way of doing business seem somewhat leisurely.

Cotton was next, and so the sugar traders, wearing blue coats or blue tags on their lapels, poured out of the converted warehouse in Queens and crowded onto the sidewalk of 43rd Avenue, in an industrial nook of Long Island City that has long been the domain of truckers and forklift operators.

This is where the New York Board of Trade, the parent company of the Coffee, Sugar and Cocoa Exchange and the New York Cotton Exchange, is doing business, after its trading floor at 4 World Trade Center was destroyed in the Sept. 11 terrorist attack.

Trading resumed in Long Island City on Sept. 17, as much a tribute to foresight as to fortitude.

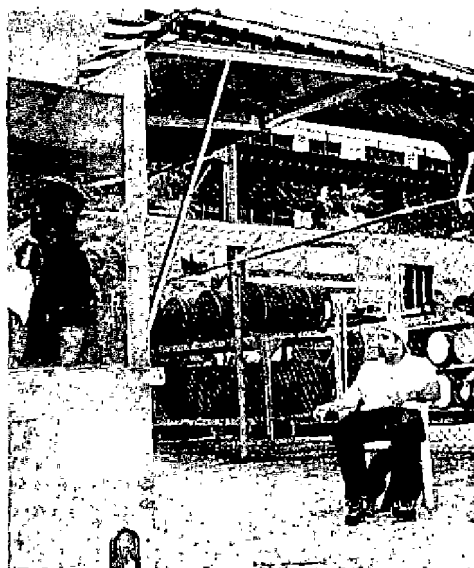
After the trade center bombing in 1993, the Board of Trade leased the warehouse space, paying \$300,000 a year for a backup trading floor. It was equipped with trading pits and computer monitors but was devoid of traders and never used — until three weeks ago.

"Many times people were asking us why we were spending the money to pay for a facility that was empty," Mark D. Fichtel, the president and chief executive of the Board of Trade, said last week, shortly before holding a meeting for the

sugar traders at what he called his "luxurious office," a concrete ramp in front of the building. "No one has asked that now."

Board officials said that after the 1993 attack, they determined that if their highly competitive commodities markets were shut down for even one day, the industry would lose \$3.5 million. But the alternative workplace they established, considered a safety net in the event of a blackout or other temporary disruption, has now become home for the foreseeable

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Traders Back in the Pits, in Queens, if Not Manhattan

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future.

"We were thinking we might need this place for a day or two at some point," said Guy Taylor, a board spokesman.

Although conditions in the Queens building, at 43rd Avenue and 23rd Street, are severely cramped — the 1,200 traders who belong to the board are now working out of two trading pits, instead of the 13 pits at 4 World Trade Center — few are complaining.

Fred Palazzolo, a floor manager for Man Financial, who supervises the trading and these days spends much of his time rushing between the floor and the sidewalk, said: "Where we were was like our home. But we're not exactly homeless and we're glad we have a place to go. I guess you could say we're roughing it."

Lunching on a salami sandwich in a folding chair on the sidewalk across the street from the warehouse, Paul Spano, a sugar broker from Staten Island, put it bluntly: "We're lucky to be alive. If I have to sit in traffic, so be it."

Many traders face longer trips to work and a scarce supply of parking spaces. And on the Queens floor, because of the space constraints, they have to work in 90-minute shifts, instead of having four and a half hours of buying and selling per commodity.

There are the handwritten signs everywhere on the trading floor, labeling the booths by number and showing the locations of restrooms, as well as a few fliers containing unprintable sentences about Osama bin Laden.

Like a relay team, the traders — 180 to a pit — finish their shifts at the sound of a loud bell and rush out of the building to make way for the next group, which then has 15 minutes to take orders from customers on the floor before the trading starts again.

The traders, who will most likely be based in the Long Island City building for six months to a year while the board searches for a new site in Manhattan, say they are adjusting.

"It's something to get used to," said Frank Colli, the owner of J & C Commodities, a sugar trading company, adding that the cramped quarters and added noise were among the most difficult things to adjust to.

"It's tough because you're out of the financial district," Mr. Colli said. "So you feel like you're out of touch with the stock exchange. The atmosphere is obviously not Manhattan."

There is so little space on the floor — traders who once had their own booths and as many as six telephone lines to themselves now share booths that have only two telephone lines — that several said they were using local diners as makeshift offices, piling into booths to call customers on their cellular telephones.

It has also gotten so hot on the

trading floor, which is 3,000 square feet, compared with 12,000 square feet in the Manhattan exchange, that the board has reinstated the summer dress code — short-sleeve shirts and slacks or jeans — until further notice.

With the traders using what is known as the open outcry method of trading, in which buyers and sellers gather in the pits to bargain — that is, to shout and scream — over prices, the poor acoustics in the

A plan devised after a 1993 bombing finally comes in handy.

Queens building make lip-reading and hand signals, already an essential part of the job, even more crucial.

But to get a true sense of just how hectic it is on the Queens trading floor, consider the trading volume and the capacity of the current trading facility. The commodities are traded in contracts that represent the amount of the product being bought and sold; one contract for cotton is 500 bails, one for sugar is 112,000 pounds.

In the old exchange, an average of

80,000 contracts were traded daily. In the last few weeks, volume in these markets is up, Mr. Taylor said, to an average of 140,000 contracts a day, with the traders crammed into two pits, one for futures and one for options.

The Board of Trade is in talks with the New York Mercantile Exchange, the other local commodity exchange in New York City that is the country's oil-trading hub, to move into its headquarters at the World Financial Center, which was not damaged in the Sept. 11 attack, officials said. Meanwhile, the board is planning to add two pits to the first floor at 43rd Avenue and two more to the second floor, as well as to expand the member staging floor, where the traders make phone calls and wrap up their business after the buying and selling stops.

Perhaps the most popular eatery around 43rd Avenue is the Jacques Caterers food wagon, which followed the traders to Queens from the World Trade Center. Frank Pastore, who runs the lunch cart, serves baked ziti and a slew of cold and hot submarine sandwiches. He was out of business for a few days until he heard from a friend that the commodities exchange had moved to Long Island City.

Mr. Pastore hauled the cart to Queens, found a locked parking lot to leave it in overnight, and was back in business.

Asked how long he would serve lunches in Queens, Mr. Pastore said, "As long as they are here, I'm here."

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